

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE  
HOME and HOMEOWNERSHIP SECTION**

Joe Serna, Jr. Farmworker Housing Grant Program  
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**NOTICE OF FUNDING AVAILABILITY  
JOE SERNA, JR. FARMWORKER HOUSING GRANT PROGRAM  
SINGLE-FAMILY COMPONENT**

**December 28, 2006**

**PROGRAM DESCRIPTION**

**A. Introduction**

The California Department of Housing and Community Development (hereinafter "HCD" or "Department") is pleased to announce that it is accepting applications under the Joe Serna, Jr. Farmworker Housing Grant Program ("Serna Farmworker Program") for home purchase or rehabilitation. This Notice of Funding Availability (NOFA) makes approximately Ten Million Dollars (\$10,000,000) available from the proceeds of the sale of bonds authorized by Proposition 1C. Applications will be accepted on an "over the counter" basis until available funds are exhausted subject to the following procedures:

Applications will be accepted beginning at 8 a.m., Pacific Standard Time, on December 28, 2006 until 5 p.m., Pacific Daylight Time, Thursday, June 28, 2007 or until such time before June 28<sup>th</sup> that the Department has received what it determines to be a sufficient number of applications to reasonably use all funds currently available. HCD reserves the right, at its sole discretion, to suspend, amend, or modify the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties.

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**B. Program Summary**

The purpose of the Serna Farmworker Program is to provide grants, or loans, or both for the development, construction and/or rehabilitation of housing for agricultural workers and their families. **This NOFA is for the purpose of providing grants to assist agricultural workers and their families in the purchase of a home, for rehabilitating a home which they already own and to assist in the replacement of an owner-occupied manufactured home where the family is facing displacement (see D. below).**

The Program is subject to the requirements of Health and Safety Code Section 50517.5 et seq. and the Joe Serna, Jr. Farmworker Housing Grant Regulations ("Regulations") set forth in California Code of Regulations, title 25, commencing with Section 7200 et seq. Applicants should fully familiarize themselves with these statutes and regulations.

**C. Eligible Project Sponsors**

Local public entities, non-profit corporations, limited partnerships, cooperative housing corporations, and federally-recognized Indian tribes are eligible to apply and receive grants. Individual agricultural workers and their families may not apply for assistance through this NOFA. There must be a sponsoring “master” grantee who applies to the Department.

**D. Eligible Uses of Funds**

Funds may be used for costs related to housing development including: land acquisition, predevelopment activities, site development, owner-occupied rehabilitation programs, and homeownership opportunities, including self-help housing programs. A full list of eligible expenditures may be found at Regulations, Section 7206(a) and (c).

Funds under this NOFA may also be used for the purchase of new manufactured housing units, used manufactured housing units, or park model recreational vehicles that will provide affordable housing alternatives for farmworker families facing displacement from existing labor camps, mobile home parks, or other housing because of the existence of conditions that are a danger to the health and safety of the residents due to overcrowding, lack of adequate infrastructure, or substantial violations of the health and safety standards.

**E. Ineligible Uses of Funds**

The grant may not be used for a recipient’s administrative costs except those directly related and necessary to a recipient’s implementation of the grant. No part of the funds may be used for project organization or planning for the housing development (Regulations Section 7206(b)). It is the Program’s policy that Developer Fees are considered organizational and planning costs may not be charged to the grant.

Funds may not be used to provide direct mortgage assistance to buyers of single family homes unless the buyers are active participants in a rehabilitation or construction program sponsored and supervised by a local public entity or nonprofit corporation sponsor.

**F. Eligible Projects**

Projects, with the exception of scattered-site homeownership and owner-occupied rehabilitation projects, are limited to **single sites** and **single activities**. Separate applications must be submitted for multiple sites or for multiple activities at the same site. Each application will be considered on its own merits and without regard for “related” applications.

**G. Maximum Grant Amounts**

The per-grant limit for this NOFA (including owner-occupied rehabilitation programs) is One Million Five Hundred Thousand Dollars (\$1,500,000). All funds used in the development of a subdivision must subsequently be granted in the form of mortgage write-down assistance to individual farmworker homebuyers. The subdivision development grant requested must not exceed the total that will be subsequently granted to eligible agricultural workers.

The Department also reserves the right to reduce the requested amount of funding for any given project based upon Staff's analysis of the project's financing structure and the amount of funds necessary for the project to be financially feasible and meet the Department's underwriting requirements, and site and design criteria, as outlined in Regulations Sections 7204, 7206, 7208, and 7210.

**H. Match Requirements**

Applicants must demonstrate to the satisfaction of the Department that they can and will provide a "matching share" of funds in an amount at least equal to the requested grant. "Matching share" means the proceeds of Local, State, and Federal grants and loans; private loans; cash investments; in-kind contributions; or local government fee waivers that are sources, in part, of the total development or rehabilitation cost of the housing development. Applicants with rehabilitation projects who are proposing the use of in-kind contributions consisting of the value of existing structures as their matching share will have the valuation of those improvements closely scrutinized by the Department and should present adequate data about the pre-rehabilitation value of the property. In addition, the use of existing structures as in-kind match contributions will be limited to 50 percent of the required total match. The Serna Farmworker Program may be used in combination with other Department homeownership opportunities, such as CalHome Program, BEGIN (Building Equity and Growth in Neighborhoods), HOME Investment Partnership, and CDBG (Community Development Block Grant).

**I. Market Analyses**

Market analyses provided as part of applications, per Regulations Section 7218(c)(8), shall specifically address demand for agricultural worker housing and the ability and willingness of local agricultural workers to pay the proposed housing costs.

**J. Grant Terms and Security**

All sponsors who make use of funds during predevelopment and development phases will be required to execute and record a Serna Regulatory Agreement against the entire subdivision for the purposes of securing performance of the grant conditions. Individual families assisted with grant funds will be required to execute and record a Homeowner Grant Lien Agreement. The lien position(s) occupied by the Serna Regulatory Agreement and Homeowner Grant Lien Agreement are subject to the approval of the Department.

Grants for rehabilitation and homeownership have a term of twenty (20) years. If the home is sold within ten years from the date of execution, the total amount of the assistance must be returned to the Department. If sold more than ten years after the date of execution, repayment will equal the total amount of assistance minus 10 percent for each additional year that the home is occupied by the assisted agricultural worker until the expiration of the regulatory period.

Security documents for owner-occupied manufactured units, not affixed to real property may include a Promissory Note Security Agreement and Grant Agreement for Manufactured Home (the Note), and either securing the transfer by amending the permanent title record filed with HCD or securing the transfer of a lien by amending the

permanent title record filed with HCD. Security documents for units affixed to real property may include a Grant Lien and Regulatory Agreement, a Homeowner Grant Lien Agreement, and/or a Deed of Trust. HCD will forgive and release its lien upon completion of the 10-year term. Conveyance of developed housing shall be consistent with Health and Safety Code section 50517.5 and Cal Code Regs., title 25, section 7228; however, Cal Code Regs., title 25, section 7228, subd. (a) (3) (C) 2. shall not be applicable.

**K. Occupancy Restrictions**

Eligible occupants of Serna Farmworker Grant-assisted housing are individuals or households with at least one person who derives, or prior to retirement or disability derived, a substantial portion of their income from agricultural employment.

**L. Prevailing Wage Requirements**

Projects awarded grants under this NOFA may be defined as “public works” and thus be subject to the payment of State Prevailing Wages under Section 1720 of the California Labor Code. If the project is a self-help housing project, it may be exempt from the requirement to pay State Prevailing Wages per Section 1720 (c)(6)(A). Any questions of interpretation regarding the Labor Code should be directed to the Director of the Department of Industrial Relations, the State department having jurisdiction in these matters.

**M. Timeframes for Use of Program Funds**

Successful applicants shall enter into a Standard Agreement with HCD for a term of three (3) years. The Standard Agreement will require a recipient to meet, or evidence progress in meeting, certain pre-disbursement and special conditions during the first twelve (12) months of the contract. Failure to meet this requirement may result in disencumbrance of funds and cancellation of the Standard Agreement.

**APPLICATION PROCEDURES**

**N. Application Review and Evaluation**

Applications will be reviewed and analyzed in the order in which they are received. Projects, however, will not be scheduled for presentation to the Local Assistance Loan and Grant Committee (“the Committee”) until the application is deemed complete by the Department, the amount of proposed subsidy is appropriate, and the project meets other underwriting, site and design criteria, as outlined in Regulations Sections 7204, 7206, 7208, and 7210.

Applicants must be eligible and must demonstrate their ability to proceed with construction or rehabilitation of the proposed housing development (“capacity”) [Regulations Section 7204(a) (2)]. Additionally, applicants must demonstrate that they have site control that is satisfactory to the Department. The proposed housing development must be eligible per Regulations Section 7204(b), including provision of assisted units; maximize, to the greatest extent possible, occupancy by low-income agricultural households; and be “affordable” per Sections 50052.5 of the Health and Safety Code. All proposed uses of Program funds must be eligible per Regulations

Section 7206. The Program will conduct its completeness and eligibility review within thirty (30) calendar days following receipt of the application. Applicants will be promptly notified in writing of the results of this initial review.

Only applications that are judged complete and eligible will undergo further evaluation by program staff to determine whether a positive or negative funding recommendation will be made to the Committee. That evaluation will include: a detailed analysis of the financial aspects of the project to determine if the amount of Program funds are appropriate. This analysis will include a consideration of: development and permanent financing, including other sources of subsidy and overall cost effectiveness. Additional information may be solicited from the applicant during this process. Following this evaluation, Staff will present their findings to the Committee. All applicants whose projects are to be presented to the Committee will be notified of the date, time, and place of the meeting. Applicants will be notified in writing of the Committee's action. An application recommended for approval by the Committee and then approved by the Director of the Department will receive an award package that contains the procedures, requirements, and any special conditions needed for grant or loan closing. An application rejected by the Department will be sent a letter informing the applicant of the reasons for such rejection and of its rights to appeal the decision.

**O. Rating and Ranking Criteria**

**If, at any time, this NOFA is “over-subscribed,” the rating and ranking process described below will be triggered.**

Applications will be reviewed initially for completeness, eligibility, and compliance with Program Statutes and Regulations. No additional information, beyond that which is included in the application, will be solicited from the applicants. Only the information provided with the application will be used to score the application. Applicants must demonstrate their ability to proceed with construction or rehabilitation of the proposed housing development (“capacity”) [California Code Regulations, Section 7204(a)(2)]. Additionally, applicants must demonstrate that they have site control that is satisfactory to the Department; that they are record owner in fee of the assisted real property or can provide other security that is satisfactory to the department to ensure compliance with the construction, financial and program obligations [new 50517.5(b)(4), per AB 1160].

Only applications that are eligible, complete, and consistent with the Program Statutes and Program Regulations will undergo an evaluation by Program Staff to determine whether a positive funding recommendation will be made to the Committee. Applications will be ranked and recommended for funding to the Committee based upon Staff's assessment of whether they meet the following criteria, found at California Code Regulations, Title 25, Section 7212, “Priorities in Use of Funds”:

(4) The number of dwelling units projected to be occupied by agricultural households will be large in relation to the total amount of grant or loan funds requested.

(6) The plan for development or rehabilitation provides that some or all of the housing units of the housing development will be accessible and adaptable to the needs of the elderly or disabled.

(7) There are social and economic factors associated with the housing development such as:

(A) The housing development is intended to serve households with the greatest need for government assistance in obtaining adequate and affordable housing.

(9) The housing development will utilize solar and other alternative energy efficient systems.

(10) The housing development will utilize manufactured housing or other cost-efficient design or construction techniques for the purpose of making housing affordable to lower-income households.

**(b) The priority criteria are not quantified and are of equal value.**

Should an oversubscription occur and Staff are unable to make a significant distinction between two or more equally worthy projects, they will use as a “tie breaker” a more in-depth consideration of the priority (7)(A), housing developments intended to serve households with the greatest need for government assistance in obtaining adequate and affordable housing. That in-depth assessment will consider demographic information found in Census data or local Housing Elements, including level of poverty in the community and percentage of lower income households overpaying for their housing expenses.

**P. Application Packaging and Submittal**

Single-Family Applications are available on the Department’s web site: [www.hcd.ca.gov/ca/fwhg](http://www.hcd.ca.gov/ca/fwhg) or by mail when requested.

Applications must be delivered to one of the following addresses:

**U.S. Mail**

Marilyn Lawson  
Department of Housing and  
Community Development  
Division of Financial Assistance  
P.O. Box 952054  
Sacramento, CA 94252-2054

**Private Carrier**

Marilyn Lawson  
Department of Housing and Community  
Development  
Division of Financial Assistance  
1800 Third Street, Room 390  
Sacramento, CA 95814

Applications are to be submitted in duplicate and must be made on the forms provided by the Department. Application forms shall not be modified. Applications having material internal inconsistencies or lacking essential information will be considered incomplete and will be held pending clarification or correction. In order to assure prompt consideration and correct evaluation, applicants are advised to pay special attention to Regulations Section 7218, “Contents of Grant Applications” and to read the

Application Package carefully, being sure to provide all required information and accompanying documentation.

Projects that have already applied to USDA/RD, CalHFA, or other Departmental funding sources should submit along with the JSJFWHG Application a copy of the application (including all required attachments) submitted to the other funding sources mentioned above.

Applicants may write, call, e-mail, or visit HCD's website for an application package at the address, telephone number, e-mail address or website listed below.

Please direct your requests for applications or more information about this announcement to:

Department of Housing and Community Development  
Joe Serna, Jr. Farmworker Housing Grant Program  
P.O. Box 952054, MS 390-2  
Sacramento, California 94252-2054  
(916) 324-0695  
(916) 323-3178  
(916) 327-6660 (FAX)  
or e-mail to: [mlawson@hcd.ca.gov](mailto:mlawson@hcd.ca.gov)  
website: <http://www.hcd.ca.gov/ca/fwhg>

Staff contacts for the Joe Serna, Jr. Farmworker Housing Grant Program:

Peter Solomon, Program Manager, at (916) 445-3086; <mailto:psolomon@hcd.ca.gov>  
Rafael Galvan at (916) 327-2890; <mailto:rgalvan@hcd.ca.gov>

Thank you for your interest in the Joe Serna, Jr. Farmworker Housing Grant Program.

Sincerely yours,

Richard L. Friedman  
Deputy Director  
Division of Financial Assistance